

COMMONWEALTH OF VIRGINIA
MINUTES OF THE VIRGINIA GAS AND OIL BOARD HEARING
July 19, 2011

Pursuant to Sections 45.1-361.9B and 45.1361.22.B of the Code of Virginia, the Virginia Gas and Oil Board held its regularly scheduled monthly hearing at 9 a.m. on Tuesday, July 19, 2011, at the Russell County Government Conference Center, 139 Highland Drive, Lebanon, Virginia.

Board members present were: Bradley Lambert, Chairman, Bruce Prather, Bill Harris and Katie Dye.

Also present were Sharon M. B. Pigeon, Sr. Assistant Attorney General, Rick Cooper, Principal Executive to the Board, Jim Lovett and Diane Davis.

1. The board will receive public comments.
Butch Lambert announced that David Asbury had left state service and that DMME had appointed Rick Cooper as Acting Director of the Division of Gas and Oil.

Comments were received from Juanita Sneeuwjagt expressing her appreciation for David Asbury's service as the Director of the Division of Gas and Oil.

Mitchell Counts spoke regarding his property in Buchanan County, Virginia.

Catherine Jewell spoke regarding issues with old Board orders, data provided on the e-forms board system and production data.

2. The Board will receive a quarterly update from First Bank and Trust Company, Escrow Agent of the Board.

Debbie Davis, Karen McDonald and Lee Harding were present to provide the quarterly report to the Board regarding the current status of the account. Ms. Davis reported the beginning balance to be \$27,015,514.94, audit costs totaled \$6,358.58, Distributions totaled \$188,676.18, line item correction regarding additional interest received after last report was \$30.21.

Karen McDonald reported on the investments with the Money market being \$4,475,515.94 and the CDARS \$22,540,000.00.

Lee Harding reported that the Bank would probably off the same yields throughout the remainder of the calendar year. Mr. Harding stated that they would come back in January 2012 and evaluate the investments.

The Board asked First Bank and Trust to return in September and provide a report on disbursement trends based on data over the recent year.

3. A petition from EQT Production Company on behalf of Marlene McCall, Donna Vest and Range Resources Pine Mountain Inc. for disbursement of funds from escrow and authorization of direct payment for unit VC-702914 for Tract 2 , Prater District, Buchanan County, Virginia. Docket Number VGOB-93-0420-0367-02.

The petition for disbursement for Tract 2 was approved (75/25 split). The account is to remain open.

4. A petition from EQT Production Company on behalf of Timmy Sutherland and Patricia Sutherland; Corbet Anderson and Phyllis Anderson; Harry Anderson and Sharon Anderson; Robert Kuchan and Patricia Kuchan and Range Resources, Pine Mountain Inc. for disbursement of funds from escrow and authorization of direct payment for unit VC-537100 for Tract 2, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-07-0417-1918-01.

The petition was continued to August.

5. A petition from EQT Production Company on behalf of Marlene McCall, Donna Vest and Range Resources-Pine Mountain Inc. for disbursement of funds from escrow and authorization of direct payment for unit VC-535686 for Tract 3, Prater District, Buchanan County, Virginia. Docket Number VGOB-06-0117-1568-02.

The petition for disbursement for Tract 2 was approved. The account is to remain open.

6. A petition from CNX Gas Company, LLC for creation of a 202.35 acre drilling unit and pooling for unit CC38 for the drilling of horizontal coalbed wells, Maiden Springs/Garden Districts, Buchanan/Tazewell Counties, Virginia. Docket Number VGOB-10-1019-2825. Continued from June 2011.

At the request of the Applicant, the Board agreed to stay with the original unit designation (shape and size) and to change the language in the prior order approval to payment on a pro-rated basis as required by law.

7. A petition from CNX Gas Company, LLC for re-pooling unit X-35, Garden District, Buchanan County, Virginia. Docket Number VGOB-98-0324-0636-02. Continued from June.

Mr. Wetzel raised objections regarding royalty payments to Commonwealth Coal. The Applicant provided testimony that Commonwealth Coal had a lease and was being paid direct on this sub-account. The petition for re-pooling was approved.

8. A petition from CNX Gas Company, LLC for re-pooling unit AZ-102, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-03-1216-1239-02. Continued from June 2011.

The re-pooling is a result of re-mapping. The account will continue to require escrowing for Tracts 1A, 1B, 1C, 1G, 1H and 1I for conflicting and unknown claimants. The petition for re-pooling was approved.

9. A petition from CNX Gas Company, LLC for re-pooling unit AY-101, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-04-0615-1295-01. Continued from June 2011.

The re-pooling requires changes to Tracts 1B and 1C and the addition of Tract 1F. The petition for re-pooling was approved.

10. A petition from CNX Gas Company, LLC for creation of a provisional drilling unit and pooling for conventional horizontal gas unit I10SH, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-11-0719-2972.

The petition was approved with no escrowing required. A revised Tract ID was distributed by the applicant at the hearing.

11. A petition from CNX Gas Company, LLC for creation of a provisional drilling unit and pooling for conventional horizontal gas unit I30SH, Garden District, Buchanan County, Virginia. Docket Number VGOB-11-0719-2973.

The petition was approved by the board with no escrowing required. The applicant submitted an AFE at the hearing.

12. A petition from CNX Gas Company, LLC for creation of a provisional drilling unit for conventional horizontal gas unit RRR29SH, Knox/North Grundy Districts, Buchanan County, Virginia. Docket Number VGOB-11-0719-2974.

The petition was approved.

13. A petition from CNX Gas Company, LLC for re-pooling of unit FF-22, New Garden/Hurricane District, Buchanan/Russell County, Virginia. Docket Number VGOB-97-0715-0596-01.

The re-pooling is for the entire unit adding an additional tract and changing percentages in the existing tracts. The petition was approved. The Applicant submitted a Revised Exhibit B3 and E at the hearing.

14. A petition from CNX Gas Company, LLC for re-pooling of unit AX-124, New Garden District, Russell County, Virginia. Docket Number VBOB-03-1118-1226-01.

The re-pooling is a result of mapping issues adding Tracts 1D and 1E. Escrowing will continue for the unit. The petition was approved.

15. A petition from CNX Gas Company, LLC for re-pooling of unit AX-102, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-03-0318-1127-01.

The re-pooling would affect Tract 1 and 2 and Katrina Carr's tract ownership would be identified by the Supplemental Order. The petition was approved. The Applicant submitted a revised Exhibit A at the hearing.

16. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530313, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-11-0719-2975.

The petition was approved.

17. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well 900029, Prater District, Buchanan County, Virginia. Docket Number VGOB-11-0719-2976.

The petition was approved.

18. A petition from Range Resources-Pine Mountain, Inc. for establishment of a drilling unit and pooling of well 900029, Prater District, Buchanan County, Virginia. Docket Number VGOB-11-0719-2977.

The petition was approved. The Applicant provided a Revised Exhibit B and B3 at the hearing.

19. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well 900011, Prater District, Buchanan County, Virginia. Docket Number VGOB-11-0719-2978.

The petition was approved.

20. A petition from Range Resources-Pine Mountain, Inc. for establishment of a drilling unit and pooling of well 900011, Prater District, Buchanan County, Virginia. Docket Number VGOB-11-0719-2979.

The petition was approved with no escrowing required. The Applicant submitted a revised Exhibit B and B3 at the hearing.

21. The Board will receive an update of Board and Division activities from Staff.

Board members reviewed the suggested change to language for the Arbitration Regulations which was provided in the July board package. Following discussion, the Board approved the suggested change to the language. Mr. Lambert stated he would notify the Attorney General's Office and DMME's policy analyst of the approved change

Bruce Prather provided an update of the work performed thus far by the Horizontal Working Committee. The Board received a draft of the position paper that will be submitted at the August Board hearing for consideration.

22. The Board will review the May and June 2011 minutes for approval.

The minutes for May and June 2011 were approved with no changes.

The hearing adjourned at 12:20 p.m.

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